

M/037/025



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

January 20, 2005

Mr. Rahe Junge
Umetco Minerals Corporation
2754 Compass Drive, Suite 280
Grand Junction, Colorado 81506-8788

Subject: Revised Bonding Requirements, Umetco Minerals, Deremo/Peterson and Wilson/Silverbell Mines, M/037/025 and M/037/027, San Juan County, Utah

Dear Mr. Junge:

On January 14, 2005, the Division informed you in a letter that a decision was still pending regarding your request for bond release and that no response was required at that time. We have since had an opportunity to review your situation with the Division's Acting Director, Mary Ann Wright, and have now developed a course of action that we feel is appropriate to achieve the desired outcome for both the Division and Umetco Minerals. This letter is to inform you of the further action that is now needed.

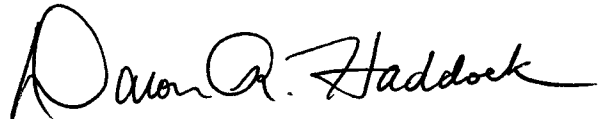
The Division has determined that you should now post a "hard" surety in the amount of \$6,000, which has been determined adequate to cover the cost of any remaining reclamation at the above referenced mines. Please refer to our rules at R647-4-113 for acceptable forms of surety that could be used. You will also need to submit "Reclamation Contracts" for each of the mines. Copies of the surety forms and Reclamation Contracts can be downloaded from the Division's web site at www.ogm.utah.gov. Once this surety has been posted with the Division, you can petition the Board of Oil, Gas & Mining to be fully released from the Board Contract.

Please provide the required surety within 30 days. Prior to having it signed, you should first provide a "draft" copy of the surety and reclamation contract so that we can ensure that it is filled out properly.

Rahe Junge
Page 2 of 2
M/037/025 and M/037/027
January 20, 2005

Thank you for your help in resolving this situation. Please call me at 801-538-5325 or Paul Baker at 801-538-5261 if you have any questions about this letter or call Joelle Burns at 801-538-5291 if you need assistance with the reclamation contract or forms.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible, and "R." in the middle.

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
O:\M037-SanJuan\M0370027-Wilson-Silverbell\final\ltr-bond-01202005.doc